

In order to frame this discussion accordingly, we would like to reiterate several key points that have been previously shared with you and the Star-Advertiser but lost in the publication of prior articles:

In enacting the Hawaiian Homes Commission Act, Congress set aside 203,500 acres of land as the Hawaiian Home Lands for the use and benefit of native Hawaiians. Pursuant to Section 5(f) of the Admission Act, the Hawaiian Home Lands, as well as all of the other lands ceded to the State by the United States, are required to be held by the State as a “public trust” to be used for one or more of the five enumerated purposes, including the betterment of the condition of native Hawaiians and satisfying the requirements of the HHCA.

It is important to recognize that homestead development is contingent upon multiple variables, but ultimately comes down to the availability of HHCA resources to do the job. Even with supplemental funding from the state and federal governments, the 203,500 acres of Hawaiian Home Lands, and the income produced by those lands, DHHL has not been able to put native Hawaiians on the land as quickly as DHHL would like.

With regard to the Star-Advertiser’s continued inquiry as to why the department cannot do more, we continue to express our need to find a balance between existing homesteaders and the 26,000+ on the homestead waitlist. Already, between 25%-30% of moneys set aside annually for capital improvement projects statewide are for repair and maintenance of aging infrastructure concerns in our communities. Limited funds require sound fiscal resource management and a prioritization of our efforts. The remaining capital improvement funds are geared to address the needs of those on our waitlists.

While we cannot speak directly to actions and decisions made by prior administrations and Commissions, as we have emphasized time and again, under Governor Abercrombie, DHHL has received a greater general fund appropriation than under any previous administration. You will note that in this Legislative session, we are again seeking greater general fund appropriations before the legislature in pursuit of “sufficient” funding from which we can continue to place beneficiaries on the land.

• It's been nearly 30 years since several dozen beneficiaries were awarded homestead leases for pastoral and farming lots in South Point. Yet to this day, the land still hasn't been subdivided. The lessees told me they are still waiting for that to happen so they can get individual TMKs, needed for county building permits. They also told me they are still waiting for DHHL to bring water and other improvements to the lots. Why hasn't the subdivision process been completed yet? Why hasn't infrastructure been brought to the properties?

As stated above, the Department’s limited funds require sound fiscal resource management and a prioritization of our efforts. The emphasis until recently has been to focus those efforts in generating residential homesteads to address the needs of the majority of those on our waitlists. However, please note that the Commission recently voted to lift the moratorium on agricultural and pastoral subdivisions so that more can benefit from the use of our lands.

• Is there a potential solution in the works for either issue? If so, what are the proposals and what is the status of each one?

In FY13, the Hawaiian Homes Commission approved a budget of \$100,000 to complete an engineering assessment to identify opportunities and constraints to developing regional potable groundwater source development, storage and transmission to provide water to DHHL landholdings in Ka’ū. Group 70 International was selected to perform the work and the assessment began in July 2013.

Water demand needs for our lands in Wai’ohinu, Pu’u’eo and Kama’oa were calculated and research has been conducted on possible source development options and storage and transmission improvements.

The DHHL at this time is working with the Big Island Department of Water Supply to refine options for development. Once discussions are completed with the County, a draft report will be shared with Ka'ū lessees.

HOMESTEAD AWARDS IN KA'Ū

CURRENT ACTIVITIES

- Portions of 2,000 acre interior property offered to pastoral homesteaders for expansion under month to month rights of entry
- Act 14 selected 262 acre Wai'ohinu site closer to water source as potential re-location site for farm lots
- Water Needs Study for Ka'ū underway to determine alternative sources/systems
- Staff engaged in discussions with Ka'ū community
- Ka'ū Regional Plan 2012 approved
- HHC meets in Ka'ū, new Ka'ū homestead community association

• What prevented DHHL from completing the subdivision process years ago so these lessees could at least get permits to build a home or ranch?

The most challenging aspect to formally subdividing the parcels in Ka'ū is development of a groundwater source. The area is under a public water system operated by the Hawaii Department of Water Supply and relies primarily on Haa Springs as its water source vs. a groundwater well. Springs are not as reliable a source of water as a groundwater well, hence, additional water service is limited unless costly investments are made towards source development. The Department is assessing all options for source development with the goal of developing source, storage and transmission for the short term needs of our existing lessees. As stated in the Ka'ū to South Kona Water Master Plan:

3.6.4. Drought

The region as a whole is poorly prepared for droughts. Droughts diminish drinking water supplies and cause agricultural losses and increases in brushfires. This region is particularly susceptible to drought impacts because residents depend on rainwater catchment. The dry region has one of the highest incidences of brushfires in the State of Hawai'i.

The County of Hawai'i has sponsored workshops with rural volunteer fire fighters to develop the Big Island Wildfire Coordination Group. It is difficult to prepare for droughts because they can occur at any time. The USDA maintains a drought mitigation center that assists in the development of State drought mitigation plans. The Ka'ū to South Kona project area is extremely susceptible to droughts because there are no sources of potable water. The area would benefit from a water conservation and drought contingency plan."

The report further goes on to state that "A water moratorium exists in the South Point area that prevents issuing of new water meters. The moratorium was issued due to the poor condition of transmission lines and the length of service lines. Although replacement will be costly, DWS will study this option for the next CIP program. Replacement of the line would remove the moratorium and allow water meters for existing lots."

• Are there other homesteaders around the state who have waited as long as or longer than these South Point homesteaders for DHHL to subdivide the property AND to deliver water to the homestead lots? If so, please estimate the number of homesteaders, provide the general locations of their homestead lots and cite the reasons they still don't have a subdivided lot and water.

Kalama'ula, Moloka'i – Ag lots

Na'iwa, Moloka'i – Ag lots

Mo'omomi, Moloka'i – Pastoral Lots

Issue is the lack of infrastructure to secure final subdivision approval by the County.

• The dirt/gravel access road to the South Point farm lots became unusable more than two decades ago because of lack of maintenance, according to the lessees. Today, the

area where the road used to be is overgrown and a firebreak cuts across the beginning of it. Without water and suitable access, the lessees told me they've never been able to use the land. Does DHHL consider these lots still suitable for farming? If so, how are the lessees supposed to access the property without a road in place?

The cost to develop road infrastructure and to find a water source and dig a well on DHHL lands in the vicinity, as well as transmit that water to the limited number of ag lots in the area has been challenging. As part of the Ka'ū Water Assessment, the Department is looking at our acquired Wai'ohinu lands as a potential site for farm lot relocation.

• The lessees also told me that in 1986, there was no moratorium on connecting to the county water line that runs along South Point Road and where the access road to the South Point farm lots started. The lessee who was awarded the farm lot adjacent to South Point Road said the county water line was roughly 30 feet from his lot. Yet he said the lessees were told in 1986 that DHHL couldn't bring water and other improvements to the lots until funds were available -- something the department repeated many times over the years, according to the lessees. Has DHHL always considered construction of infrastructure to these farm lots too cost prohibitive to do the work? If so, why were the leases awarded in the first place?

HOMESTEAD AWARDS IN KA'Ū

1. KAMAOA-PUUEO MANAGEMENT PLAN, PBR HAWAII 1985
Recommended homesteading strategy -
 - Water improvements. Estimated at \$1.1 to \$2.6 million
 - Cooler upland property for homestead farm lots along a single road with future water improvements.
 - Focus on pasture improvement for now, award pastoral homesteads once sufficient water resources are available and pasture conditions improve.
2. ACCELERATION AWARDS IN KA'Ū 1986
 - 25 25-acre subsistence pastoral lots along South Point Road offered and 25 two acre farm lots offered and 17 selected, currently 12 lessees.
 - Water and roads required before DHHL can secure subdivision approval and individual TMK's; then homestead lessees can secure financing and building permits

• Since getting the leases in 1986, the South Point homesteaders say they have repeatedly asked DHHL why the land has not been subdivided and why water lines have not been installed. Each time, they said, they were told the department was working on both issues. Or they were told the agency lacked the money to do the work. I can understand the department giving such responses in the first few years immediately following the awarding of the leases or even during the first five to 10 years. But after nearly 30 years, the homesteaders seem justified in claiming that the department has failed them and that DHHL simply hasn't made resolving their plight a priority. Please respond.

Serving our beneficiaries has always been a priority. Due to finite resources available to the department, a decision was made at the time to address the area of greatest need as indicated by input from beneficiaries. That need, by far, continues to be for residential homesteads.

The department is presently looking at identifying and developing water resources in the area that could potentially resolve the outstanding issues for 24 pastoral and 12 agricultural lessees. Although the following information discusses the Pu'ukapu development, it provides the general rationale for the cost benefit analysis completed for ranch lands.

PASTORAL HOMESTEAD AWARDS

1. RANCH LOT COST-BENEFIT

DHHL completed its Pu'ukapu Development Plan in 1982 which recommended 22 ranch lots over 4,600 acres. The requests for infrastructure funding were questioned and denied because of concern that the cost per lot was too high. Questions raised whether ranching was a priority. Very small demand judging by small waiting list. Existing ranch lots not being used. Same cost per lot could provide residential lots where people could build homes and live. Least productive land in dry areas. Long-term drought situation. Expensive to provide water.

DHHL approached the USDA for infrastructure funding. USDA concluded the value of the ranch cattle did not justify the cost.

2. HHC APPROVES PASTORAL GUIDELINES 1987

DHHL does not have sufficient land and development capital to award homestead pastoral lots of larger economic unit size for commercial homestead ranching.

Homestead pastoral lots to be awarded should be at subsistence sizes, that is, equating to a carrying capacity of 1 to 5 animal units.

HOMESTEAD AWARDS IN KA'Ū

1. KAMA'OA-PU'UEO MANAGEMENT PLAN, PBR HAWAII 1985

Recommended homesteading strategy -

- Water improvements. Estimated at \$1.1 to \$2.6 million (1985 dollars). NOTE: By way of comparison, ballpark estimate for exploratory and production well is about \$4 million in today's dollars.
- Cooler upland property for homestead farm lots along a single road with future water improvements.
- Focus on pasture improvement for now, award pastoral homesteads once sufficient water resources are available and pasture conditions improve.

2. ACCELERATION AWARDS IN KA'Ū 1986

- 25 25-acre subsistence pastoral lots along South Point Road offered and 25 two acre farm lots offered and 17 selected
- Water and roads required before DHHL can secure subdivision approval and individual TMK's; then homestead lessees can secure financing and building permits

3. CURRENT ACTIVITIES

- Portions of 2,000 acre interior property offered to pastoral homesteaders for expansion under month to month rights of entry
- Act 14 selected 200 acre Wai'ohinu site closer to water source as potential re-location site for farm lots
- Water Needs Study for Ka'ū underway to determine alternative sources/systems
- Staff engaged in discussions with Ka'ū community
- Regional Plan for Ka'ū approved
- HHC meets in Ka'ū, new Ka'ū homestead community association

In addition, as previously stated, a water moratorium exists in the South Point area that prevents issuing of new water meters. The moratorium was issued due to the poor condition of transmission lines and the length of service lines. Although replacement will be costly, DWS will study this option for the next CIP program. Replacement of the line would remove the moratorium and allow water meters for existing lots.

• The South Point homesteaders say they were awarded leases under the department's accelerated lease program. According to DHHL's 1989 annual report, more than 2,500 homestead leases were awarded under that program from 1984 to 1987. What became of those accelerated leases? Did the vast majority of lessees eventually get infrastructure

to their lots? Was that program largely a success, with the South Point situation being an anomaly?

COMPARISON OVER 30 YEARS – 1983 to 2013

Of 6,518 new leases over the last 30 years:

- 85% or 5,485 were residential, the highest priority
- 11% or 695 were farm leases, the second priority
- 05% or 338 were ranch leases, the third priority

The change in homestead leases between 1983-2013 is the same as the allocation of 1983 applications – 85% residential, 10% farm, 5% ranch.

HOMESTEAD LEASES PAST 30 YEARS - 1983 AND 2013

| | COLUMN A | COLUMN B | 30 YEARS A - B |
|------------------|---------------------|---------------------|-------------------------------|
| HOMESTEAD | 06-30-83 | 06-30-13 | 1983- 2013 |
| RESIDENTIAL | 2,857 | 8,342 | 5,485 |
| FARM | 405 | 1,100 | 695 |
| RANCH | 70 | 408 | 338 |
| TOTAL | 3,332 | 9,850 | 6,518 |

• What commitment did DHHL make to these South Point lessees when the accelerated leases were awarded in the 80s? What did DHHL tell them about completing the subdivision process and about putting in infrastructure (and specifically water)?

INTENT OF ACCELERATION

1. Federal–State Task Force 1983
Based on input and review of many factors, the FSTF recommended a multi-pronged approach for land awarding to native Hawaiians. FSTF recognized the many challenges facing the HHC – types of demands for homesteading, the development cost and limited finances, financial capacity of most applicants, characteristics of the land base.
2. Beneficiary Applicants Survey 1985
Yes, I would accept . . .
 - 26% Undeveloped Land/No Improvements
 - 33% Residential Lot With Electricity Only
 - 65% Residential Lot With No House
3. Waiting List Demand 1983
Highest (85%) for residential homesteads, mostly (60%) on Oahu.
Only 5% for ranch homesteads, mostly on Hawaii.

HOMESTEAD APPLICATIONS, JUNE 30, 1983

| ISLAND | RESIDENTIAL | FARM | RANCH | TOTAL |
|---------------|--------------------|-------------|--------------|--------------|
| HAWAI'I | 1,333 | 483 | 294 | 2,110 |
| KAUA'I | 457 | 116 | 43 | 616 |
| MAUI | 568 | 43 | 17 | 628 |
| MOLOKA'I | 317 | 141 | 32 | 490 |
| O'AHU | 4,093 | 7 | N.A. | 4,100 |
| TOTAL | 6,768 | 789 | 386 | 7,943 |
| | 85% | 10% | 5% | 100% |

- DHHL Annual Report
4. No CIP for Development
At the time, in 1983, DHHL generated revenues to pay for its operating costs. Total reliance on state funding for development cost of infrastructure and home financing. No federal funds available yet in this period.
Due to drop in state revenues, DHHL was allocated only \$300,000 in CIP.
 5. HHC APPROVES 3 GOALS 1984
AMENDED 1986
One goal was to accelerate the distribution of land to native Hawaiians on the waiting list in accordance with waiting list demands:
 - First priority to residential awards in areas with infrastructure and near employment centers;
 - Second priority to farm awards on lands with high productivity;
 - Third priority to ranch awards on lands unsuited for residential or farm awards

1984-85 Goal of 1,000 lots (including 400 existing improved lots)
 1985-86 Goal of 1,500 lots (without infrastructure)
 1986-87 Goal of 500 lots

The allocation of development capital since 1984 has followed the same priority to residential developments.
 6. ACCELERATION PERIOD – 1983 TO 1991
Of 2,651 new leases during the acceleration program:
 - 2/3 or 1,744 were residential, the highest priority
 - 1/4 or 688 were farm leases, the second priority
 - 1/10 or 219 were ranch leases, the third priority

HOMESTEAD LEASES, ACCELERATION PERIOD, 1983 TO 1991

| | COLUMN A | COLUMN B | ACCELERATION A – B | PER CENT |
|------------------|-----------------|-----------------|-----------------------|-------------|
| HOMESTEAD | 06-30-83 | 06-30-91 | 1983-1991 | |
| RESIDENTIAL | 2,857 | 4,601 | 1,744 | 66% |
| FARM | 405 | 1,093 | 688 | 26% |
| RANCH | 70 | 289 | 219 | 08% |
| TOTAL | 3,332 | 5,983 | 2,651 | 100% |

• **Several of the South Point lessees told me that when Hō‘aliku Drake was DHHL chair, she told them the infrastructure would be completed within seven years. Was that the position of the department during the early 90s?**

I cannot speculate regarding Mrs. Drake’s statement.

However, rainfall in the past 20 years, particularly since 1983, has declined by 10 to 20 inches a year. As a result, the total amount of rainfall is less than half due to drought conditions.

As previously stated, a water moratorium exists in the South Point area that prevents issuing of new water meters. The moratorium was issued due to the poor condition of transmission lines and the length of service lines. Although replacement will be costly, DWS will study this option for the next CIP program. Replacement of the line would remove the moratorium and allow water meters for existing lots.

• **Is there a current cost estimate on how much would be needed to bring infrastructure – or even just water – to the South Point lots? If there isn’t a current estimate, what was the last one DHHL based its planning on?**

In FY13, the Hawaiian Homes Commission approved a budget of \$100,000 to complete an engineering assessment to identify opportunities and constraints to developing regional potable groundwater source development, storage and transmission to provide water to DHHL landholdings in Ka'ū. Group 70 International was selected to perform the work and the assessment began in July 2013.

Water demand needs for our lands in Wai'ohinu, Pu'u'eo and Kama'oa were calculated and research has been conducted on possible source development options and storage and transmission improvements.

The DHHL at this time is working with the Big Island Department of Water Supply to refine options for development. Once discussions are completed with the County, a draft report will be shared with Ka'ū lessees.

• **What are other obstacles besides cost to getting improvements to the South Point lots?**

- Drought
- Construction of road improvements.
- Drilling an exploratory well to find a suitable productive groundwater source.
- Construction of a production well if the exploratory well proves to be a productive source.
- Storage tanks and transmission lines.
- Establishment of water rates if the system is operated by DHHL.
- Weighing priorities of the many over the priorities of a few.

• **When the Hawaiian Homes Commission Act was passed, a congressional committee at the time had listed the four principle purposes of the act. One of the four, according to the committee, was that "accessible water in adequate amounts must be provided for all tracts." That purpose has been noted in various reports over the years, including a 1982 Department of Interior audit. In 1990, the state approved an amendment to the act restating the state's duty to provide adequate amounts of water and other supporting infrastructure so that homestead lands will always be useable and accessible. (That amendment was never approved by Congress). Does the department believe it is obligated to provide sufficient water to homestead lands in general and to these South Point lots specifically?**

DHHL is obligated to prudently manage its lands for the purposes of the HHCA. This means in part that DHHL must prioritize its many needs according to available resources.

The Department has through the development of its Island Plans (Hawaii Island Plan 2002, Maui Island Plan 2004, Kaua'i Island Plan 2004, Moloka'i Island Plan 2005, West Hawai'i Island Plan Update 2009, and to be approved O'ahu Island Plan) looked at the infrastructure requirements necessary, including water infrastructure, to provide sufficient water to its homestead lands throughout the State. The cost estimates and necessary improvements for priority tract areas are identified in those documents. Funding for those large CIP improvements however is a larger issue related to the State's obligation to sufficiently fund the Department (Nelson).

The South Point lands are being assessed as part of the larger Ka'ū Water Assessment currently being developed. Future water scenarios are looking at the implication of the specific region's climate, environmental considerations, climate change and lowering rainfalls.

As reported in the December 7, 2012 edition of *West Hawai'i Today*,

"With the continuing lack of rain, the state's drought situation appears to be worsening, according to a review of more than a year's worth of data provided by the U.S. Drought Monitor, which is kept by the University of Nebraska-Lincoln. As of Thursday, the monitor indicated conditions ranging from abnormally dry to extreme drought islandwide. Areas considered in extreme drought, which causes major crop/pasture losses, widespread water shortages or restrictions, include most of South Kohala, portions of North Kona and portions of south Hawai'i, spanning primarily the coastline from the Manuka area to Ho'ono'ua.

The area of extreme drought has expanded nearly every month since January, according to the data. In addition, areas near the extreme drought area, often mauka, are listed as suffering severe drought.

Outside of those areas, the majority of the island, including portions of North and South Kona, Ka'ū, North Kohala, Hāmākua, Puna and North and South Hilo, is experiencing a moderate drought, which means some damage to crops and pastures is possible as well as low water levels in streams, reservoirs and wells.

Only two areas of the island are considered abnormally dry (going into or coming out of drought): portions of the Hāmākua and North Hilo coasts as well as South Kona, spanning from about Ke'alahou to Miloli'i.

He said only a day or more of steady rain would improve the drought conditions. Such a rain hasn't occurred on Hawai'i Island this year, he said, noting that most of the rainfall activity has been "spotty."

"We've been in D-2 status (severe drought) at least some place in the state since June 2008," Kodama said. "This drought is a big event, especially when people talk about the 1998-2001 drought, because this one's starting to beat it."

A check of the monitor found Feb. 26, 2008 was the last time no area in the state was suffering drought conditions. By the next month, Hawai'i Island was considered abnormally dry and by May drought had hit the island. Severe drought hit Kohala in July, and, by year's end, no area of the island was left untouched and Kohala was considered in extreme drought."

- **In some areas where rainfall is sufficient, I'm told that DHHL has awarded pastoral or farm leases on the condition that the lessees agree they are responsible for their own water. Is that accurate? Does DHHL consider the South Point area to have sufficient rainfall to allow homesteaders to rely on their own catchment systems for water?**

There is currently a water restriction/rationing in place for South Point by the Department of Water Supply due to ongoing drought conditions.

- **A few of the pastoral lessees in South Point have homes on the land. Thomas Kaniho, who was one of the first to be a home there, said Ho'aliku Drake at one point told his wife they could live on the leasehold property. After he built his home, several other pastoral lessees followed suit. I saw about half a dozen homes. What is DHHL's position on the building of homes on the pastoral lots in South Point?**

These individuals have signed waivers with the department acknowledging that constructing these structures are at their own risk and subject to change due to the subdivision process when it occurs.

- **Mr. Kaniho told me he was able to obtain the rights to connect to a nearby county water meter in the early 90s, but that was through his own efforts, not as a result of DHHL's initiative. Is that accurate? (Mr. Kaniho said he is sharing that water with three neighboring homesteaders).**

We believe so.

- **Several of the South Point lessees told me that the department offered 50 agricultural lots back in 1986. The Ka'ū regional plan indicates there are 12 farm lessees in that area (Pu'uēo) today. Did DHHL award only 12 farming lots as part of the accelerated lease program in the 80s or were more awarded back then, but only 12 remain today? If the latter, how many accelerated farm leases were awarded back then and why is the number now down to 12?**

HOMESTEAD AWARDS IN KA'Ū

1. **KAMAOA-PU'UĒO MANAGEMENT PLAN, PBR HAWAI'I 1985**
Recommended homesteading strategy -
 - Water improvements. Estimated at \$1.1 to \$2.6 million

- Cooler upland property for homestead farm lots along a single road with future water improvements.
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Many rescinded their leases after physically inspecting the property and the challenges faced, leaving 12 lessees.

• **The lessees told me that the department has talked about pursuing a land exchange that would result in the South Point ag lessees getting land in an area several miles away that receives more rain and is better suited for farming. Is that still a possibility and, if so, what is the status of that proposal?**

- Act 14 selected 262 acre Wai'ohinu site closer to water source as potential re-location site for farm lots.
- The Department at one time investigated the possibility to relocate South Point agriculture Lessees with unimproved lots to the Maku'u agriculture lots once a better water source was found.

• **Some of the lessees questioned why DHHL spent money to acquire 40 residential lots in nearby Discovery Harbour a decade ago while the lessees were still waiting for their lots to be subdivided and water infrastructure to be installed. They also noted that all but two of those 40 residential lots still are empty and unused today. How much did DHHL spend to acquire those 40 lots a decade ago?**

The Department paid \$1.9 million for 40 lots in Discovery Harbour. The purchase of Discovery Harbour was to provide greater residential opportunities for those on the Department's wait lists, as it is our highest demand from our beneficiaries.

• **Given how long the South Point ranch and farm lessees had waited by the mid-2000s, they told me the department should have used the Discovery Harbour money to begin pursuing a resolution for the South Point situation instead. Was that considered by the department at the time?**

One of the priority tracts identified in the South Region of Hawai'i Island for development per the Hawai'i Island Plan 2002, was DHHL's 65 acre parcel in Wailau, Ka'ū for residential development. Based on the Department's analysis at that time it would cost approximately \$11,700,000 of on-site and off-site infrastructure improvements for that project to come to fruition. In the mid-2000s, 40 improved (roads, water, utilities) scattered lots within the Discovery Harbor Lot subdivision were on the market for purchase. After consulting with homestead leaders and applicants and looking at cost-benefits, the Department made the decision to purchase these 40 lots for \$1.9 million.

• **The lessees told me that another group of Big Island pastoral lessees in Honoka'ia sued the department over lack of water and settled the case in the last year or two. What did the settlement entail and how many lessees were covered by the agreement?**

The Department is in the process of designing and constructing a gravity-fed transmission system for Honoka'ia pastoral lessees.

• **How many pastoral homestead leases have been awarded statewide since the accelerated lease program ended and how many farming homestead leases have been awarded since the accelerated program ended? Of those farming and homestead leases, how many were on the Big Island?**

SINCE ACCELERATION – 1991 TO 2013

Of 3,867 new leases since acceleration in 1991:

- 97% were residential leases, the HHC's priority

**HOMESTEAD LEASES SINCE ACCELERATION
1991 TO 2013**

| | COLUMN A | COLUMN B | SINCE ACCELERATION A – B |
|------------------|---------------------|---------------------|---|
| HOMESTEAD | 06-30-91 | 06-30-13 | 1991-2013 |
| RESIDENTIAL | 4,601 | 8,342 | 3,741 |
| FARM | 1,093 | 1,100 | 7 |
| RANCH | 289 | 408 | 119 |
| TOTAL | 5,983 | 9,850 | 3,867 |

- **For those homestead communities receiving water through temporary systems, which communities have had that arrangement the longest? Are there plans to convert those temporary systems to permanent ones?**

The homestead community of Kailapa, in Kawaihae, Big Island is on a temporary water service from the adjacent Kohala Ranch. The Department funded \$250,000 to complete a Water Assessment study to identify short-term and long-term options for water source, transmission and storage so that Kailapa can be independent from the Kohala Ranch System. The assessment began in July 2013 and the draft report will be shared shortly with the lessees.

The Pu'ukapu (Waimea) homestead community presently operates a temporary water system that the department is working on converting to a permanent system.

Here are my follow-up questions. Most are seeking minor clarifications to what you sent me last night. One or two are more substantive.

My new deadline is Wednesday of next week, so if you could get back to me with responses by the end of the business day Tuesday (Feb. 25), I would appreciate it.

- **When was the moratorium on issuing new farming and ranching homestead leases imposed and when was it lifted? How many new leases, if any, have been awarded since the lifting?**

An Agricultural Task Force made up of homesteaders, farmers, applicants, technical resource providers, and the Hawaiian Homes Commission convened in 1998 to address the underutilization and urbanization (subdivision of agricultural lots for development of residences) of agricultural lands with the goal of encouraging and increasing farming activities and preserving agricultural lands and resources on Hawaiian Home Lands. This task force provided various recommendations as part of the Hawaiian Home Lands Agricultural Task Force Report approved by the HHC on April 27, 2000. One of these recommendations was that no new agricultural leases should be issued until the HHC adopts a strategy/plan for future agricultural activities. No new agricultural or pastoral leases have been issued since the task force provided their recommendations.

- **Is the current policy to only award farm or ranch leases for lots that already have water service? Or is DHHL awarding leases for unimproved lots and, if so, what commitment does the department make to the lessees regarding when the water infrastructure will be provided?**

The Department is currently working on developing an Agricultural Program Plan to address the recommendations from the Agricultural Task Force that include assessments of water demand for agricultural parcels.

- **You indicated that lessees of some Moloka'i ag and farming lots have waited as long as or longer than the South Point lessees for the land to be subdivided and water to be**

provided. How many of those Moloka'i lessees are there? And have some of them waited even longer than the South Point lessees?

The wait has been relatively the same throughout the state, but Moloka'i has been waiting longer than South Point.

| Agricultural Areas | Total Agricultural Homestead Leases by Agricultural Area (1982-1992) | | | | | | | | | |
|--------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1982-1983 | 1983-1984 | 1984-1985 | 1985-1986 | 1986-1987 | 1987-1988 | 1988-1989 | 1989-1990 | 1990-1991 | 1991-1992 |
| Panaewa, Hawaii | 114 | 117 | 190 | 218 | 218 | 218 | 217 | 217 | 217 | 175 |
| Waiamea (Kamoku), Hawaii | 30 | 30 | 75 | 105 | 105 | 105 | 105 | 105 | 105 | 100 |
| Keaukaha, Hawaii | | | | | | | | | | 10 |
| Waiakea, Hawaii | | | | | | | | | | 19 |
| Makua, Hawaii | | | 34 | 133 | 131 | 128 | 128 | 128 | 128 | 127 |
| Kamaloa/Puueo, Hawaii | | 0 | 0 | 13 | 13 | 13 | 13 | 13 | 13 | 12 |
| Anahola, Kauai | 1 | 1 | 42 | 46 | 45 | 45 | 46 | 46 | 46 | 43 |
| Hoolehua, Molokai | 201 | 201 | 265 | 302 | 334 | 333 | 333 | 333 | 333 | 307 |
| Kalamaula, Molokai | 54 | 54 | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 76 |
| Lualualei, Oahu | 1 | 1 | 1 | 64 | 65 | 63 | 63 | 63 | 63 | 58 |
| Waianae, Oahu | | | | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Waimanalo, Oahu | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 |
| Keokea, Maui | | | | 68 | 68 | 68 | 68 | 68 | 68 | 63 |
| | 402 | 405 | 727 | 1070 | 1099 | 1093 | 1093 | 1093 | 1093 | 990 |

Data from DHHL Annual Reports 1982 - 1992; Acceleration Program Years are highlighted in yellow

| Pastoral Areas | Total Pastoral Homestead Leases by Pastoral Area (1982-1992) | | | | | | | | | |
|---------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1982-1983 | 1983-1984 | 1984-1985 | 1985-1986 | 1986-1987 | 1987-1988 | 1988-1989 | 1989-1990 | 1990-1991 | 1991-1992 |
| Panaewa, Hawaii | | | | | | | | | | 1 |
| Waiamea, Hawaii | 59 | 59 | 59 | | 59 | 59 | 59 | 59 | 235 | 233 |
| Waiakea, Hawaii | | | | | | | | | | 1 |
| Humuhua, Hawaii | | | | | | | | | 5 | |
| South Point, Hawaii | | 1 | 1 | | 8 | 8 | 8 | 8 | 23 | 22 |
| Puu Opae, Kauai | 2 | 2 | 2 | | 2 | 2 | 2 | 2 | 2 | 2 |
| Hoolehua, Molokai | 5 | 5 | 5 | | 24 | 20 | 20 | 20 | 20 | 21 |
| Kalamaula, Molokai | 1 | 1 | 1 | | 1 | 1 | 1 | 1 | 1 | 3 |
| Kapaakea, Molokai | | | | | | 1 | 1 | 1 | 1 | 3 |
| Kamiloa, Molokai | 2 | 2 | 2 | | 2 | 2 | 2 | 2 | 2 | 0 |
| | 69 | 70 | 70 | 96 | 96 | 93 | 93 | 93 | 289 | 286 |

Data from DHHL Annual Reports 1982 - 1992; Acceleration Program Years are highlighted in yellow

• Is it a DHHL requirement or a county requirement to have the water and road improvements in place before completing the subdivision process?

While it is a County requirement to have water and road improvements in place before the subdivision process can proceed, the Department wants to ensure that beneficiaries, to the extent possible, have access to their lots and access to water.

• You indicated that there currently are 24 pastoral lessees in South Point. My understanding is that 25 pastoral leases were awarded in 1986. Did one of the lessees subsequently surrender the lease back to DHHL?

Although our annual report states that there are 25 pastoral lessees at South Point, there are actually 24 lessees and one un-awarded parcel.

• Is the \$4 million you referred to regarding exploratory and production well work in the Kamaoa-Pu'ueo area the ballpark estimate to do that work today? Or does the number refer to what the estimated cost would have been in 1985 (but in today's dollars)?

The \$4 million is an order of magnitude ("ballpark") engineering estimate of general well development costs in today's dollars.

• Of the 2,651 accelerated leases awarded from 1983 to 1991, did the department eventually provide improvements to most of those lots?

All the residential awards with the exception of the G-G1 Anahola were improved. Lessees in G-G1 were offered relocation to another parcel.

• Of the 907 farming and ranching leases awarded through the accelerated program during that period, how many still lack water improvements?

The department is in an ongoing effort to provide water improvements as a means of facilitating the successful return of native Hawaiians to the land. To that end DHHL has undertaken efforts to connect to existing water sources when available or to develop new ground water sources when possible.

Some areas which lack water improvements include Kama'oa and Pu'u'eo, Hawai'i and Ho'olehua (Mo'omomi), Moloka'i. Kē'ōkea, Maui, struggles with insufficient water due to water restrictions. Moloka'i ag lots are limited due to the lack of access to the Moloka'i Irrigation System. Maku'u, Hawai'i has no access to water.

• What was the commission's request last year for CIP money and what was the amount the Legislature ultimately approved? What is the commission request this year for CIP money?

As stated previously, the department's ability to meet its mission of placing native Hawaiians on the land is directly affected by adequate funding. This question further underscores the challenges faced by the department in serving its native Hawaiian beneficiaries.

- Total HHC CIP request for 2014-2015 biennium = \$220,584,881
- Total CIP appropriation for FY 2014 = \$1,000,000 (Design for Papakolea Sewer System Improvements)

• I just spoke with a beneficiary whose family has a Pu'ukapu pastoral lease. He said water lines were installed several years ago but the lessees still aren't getting water from that system because of problems with the work that was done. Is that accurate and if so, what are the problems and when does DHHL expect to have the water system in operation?

There are no problems with the water delivery system, however, the department is in the process of completing work on two issues that must be resolved before the system can come online:

- Establishment of interim water rate schedule which is anticipated to be presented to the HHC in March 2014 for approval. Staff recently completed a workshop with the HHC on the proposed interim water rates in November 2013 and held two community meetings regarding the proposed interim water rates; and
- Establishment of an Operations and Maintenance contract to run the system. This is being bid in March 2014.

How many of the accelerated ag and pastoral homesteads are still waiting for subdivision?

Of the 2,651 accelerated homestead lease awards made, less than 10% (250) do not meet county standards for subdivision qualifications – parcels that do not have completed improvements (i.e. water and roads). Conversely, over 90% of accelerated awards have full improvements to their homestead lots.

The department will continue to work with federal, state and county agencies to address the multitude of issues (including funding) essential to better serving our native Hawaiian beneficiaries and meeting our mission of placing them on the land.

Thanks for the additional info. Does that 250 number refer to homestead lots around the state or just at South Point and on Moloka'i, as we discussed? And are those lots only ranching and farming ones?

That's a statewide number for ag and pastoral lots under accelerated awards.

Finally, just to make sure I'm understanding the number correctly, that 250 represents the number of homestead lots awarded under the accelerated lease program that still have not been subdivided and do not have water improvements?

The 250 represents accelerated awards that have either partial or no improvements and have not been subdivided. The County subdivision process is contingent upon both roadway and

water improvements being in place. Lack of subdivision does not mean there is no access to water. An example is that some of those parcels have water and no roadways which disqualifies them from the subdivision process.